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ZAGREB STOCK EXCHANGE d.d.
HANFA
HINA

No.: izv/2021
Zagreb, 31 May 2021

Pursuant to the provisions of Article 277 Paragraph 2 of the Companies Act and Article 23 of the Articles of Association of OT-OPTIMA TELEKOM d.d. Zagreb, Bani 75/a (hereinafter: the Company), on 31 May 2021 the Management Board has rendered the following

Decision on convocation of the Company's General Assembly

The shareholders are hereby invited to the General Assembly of the Company OT-OPTIMA TELEKOM d.d., Zagreb, which is to be held on **9 July 2021 at 12,00 hours** in Hotel Aristos, Cebini 33, Buzin with the following agenda:

AGENDA:

1. Opening of the General Assembly, determining the list of present shareholders or their proxies, determination of quorum;
2. Annual financial statements of the Company and consolidated annual financial statements for the business year 2020, Annual Report on the status of the Company and The Supervisory Board's report on the performed supervision of the management of the Company's business in the business year 2020 with The Auditor's report on the audit of annual financial statements as per 31 December 2020;
3. Decision on utilization of profit for 2020;
4. Giving clearance to the members of the Management Board for 2020;
5. Giving clearance to the members of the Supervisory Board for 2020;
6. Decision on Amendments to the Articles of Association of the Company;
7. Decision on approval of the Report on remuneration paid to the Members of the Supervisory Board and to the Management Board Members in the business year 2020;
8. Decision on appointment of Members of the Supervisory Board;
9. Decision on appointment of the auditor of the Company for 2021.

The Management Board and the Supervisory Board of the Company propose that the General Assembly adopts the decisions under items 3, 4, 5, 6 and 7 of the agenda, and the Supervisory Board independently the decision under items 8 and 9 of the agenda, as follows:

Ad 3

"Based on determined unconsolidated annual financial statements for 2020, the profit in the amount of HRK 3,529,395.22 is determined. The profit shall cover the losses from the operations of the Company in previous years."

Ad 4

"The clearance to the members of the Management Board for 2020 is granted."

Ad 5

"The clearance to the members of the Supervisory Board for 2020 is granted."

Ad 6

"Decision on Amendments to the Articles of Association of the Company

Article 1

'Article 11 is amended to read as follows:

"Article 11

The Company's business shall be managed by the Management Board, which consists of one to five Board members.

In the case of a multi-member Management Board, one of the members shall be appointed President of the Management Board.

The Management Board and the President of the Management Board shall be appointed and removed by the Supervisory Board.

Members of the Management Board shall be appointed for a period of up to 2 (two) years and may be reappointed.

In case the Management Board has one member, he represents the Company independently and individually, while in the case of a multi-member Management Board, each member or the President of the Management Board represents the Company jointly with another member of the Management Board.

In case the Management Board has two members, the Management Board can make decisions only in the presence of both members. In the event that the Management Board has three or more members, the Management Board may make decisions if a simple majority of its members (quorum) is present at the meeting of the Management Board. Decisions of the Management Board are made by a simple majority of votes cast. In case of an equal number of votes cast for or against a particular decision, the vote of the President of the Management Board shall be decisive. "

Article 2

In Article 16, paragraph 1 is amended to read as follows:

"Article 16

The Supervisory Board consists of seven members, one of whom is appointed by the employees in accordance with the law regulating that subject-matter."

Article 3

Article 17 is amended to read as follows:

"Article 17

In principle, the Supervisory Board works adopts decisions at its meetings, and a valid decision-making process requires the presence of five members of the Supervisory Board (quorum).

As a rule, all decisions of the Supervisory Board shall be adopted by a simple majority of votes cast. In case of an equal number of votes cast for or against a particular decision, the vote of the President of the Supervisory Board shall be deciding vote.

Decisions of the Supervisory Board referred to in Article 15 a) of these Articles of Association shall be adopted by a qualified majority of 5 (five) votes.

Article 4

In the consolidated text of the Articles of Association, Article 38, paragraph 1 is amended to read as follows: "These Articles of Association shall enter into force upon entry in the court register of the competent court. With the entry into force of these Articles of Association, the Articles of Association of 25 January 2017 cease to be valid."

Article 5

All other provisions of the Articles of Association remain unchanged.

Article 6

This Decision on Amendments to the Articles of Association shall enter into force and apply on the day of entry in the Court Register.

Article 7

The Supervisory Board is authorized to determine the consolidated text of the Articles of Association in accordance with this Decision on Amendments to the Articles of Association. "

Ad 7:

"The Report on remuneration paid to the members of the Supervisory Board and to the Management Board Members in the business year 2020 is hereby approved, in the text published as Attachment 1 of the Decision on convocation of the Company's General Assembly, together with the Auditors' Report, as attached hereto and making and integral part hereof. This Decision shall come into force as of the day of its passing."

Ad 8

"The following persons are elected as members of the Supervisory Board of the Company:

- 1. Igor Tepšić, OIB 56213841121, Zagreb, Izidora Kršnjavog 25, Master of Laws,*
- 2. Ante Križan, OIB 50584039496, Zagreb, Prigornica 7, Master of Economics,*
- 3. Luka Tomašković, OIB 54800562512, Zagreb, Matije Smodeka 1, Master of Economics*
- 4. Zlatko Hrbud, OIB 71079045519, Zagreb, Ulica Natka Nodila 11, Master of Electrical Engineering,*
- 5. Igor Lukša, OIB 64730310397, Križevci, Ulica Kralja Tomislava 3, Master of Economics,*
- 6. Tatjana Sučić, OIB 44189422700, Zagreb, Ilica 184, Master of Economics,*

For the period of four years, as of 11 July 2021."

Ad. 9

The Company PricewaterhouseCoopers d.o.o., Heinzelova 70, Zagreb is appointed as the auditor of the Company for the business year 2021.

Invitation to the shareholders for the General Assembly

Shareholders are hereby invited to participate in the work of the General Assembly. Also, participants are invited to come one hour prior to its designated beginning, for the purpose of drafting of the list of participants in the General Assembly timely.

The materials for the General Assembly, when required so under the law, will be made available to the shareholders and for issuing of copies at the seat of the Company in Zagreb on every working day from the day on which the invitation to the General Assembly is published to the day of the General Assembly, from 10:00 to 14:00 hours.

At the same time the materials for the General Assembly shall be published on web pages of the Company www.optima.hr and delivered by e-mail upon request sent to the address investitori@optima-telekom.hr.

Shareholders registered as the Company's shareholders in the CDCC Depository at least six days prior to the General Assembly and whose participation registration has been received by the company at its corporate seat in Zagreb, Bani 75a at least six days prior to the General Assembly (not counting the date of receipt by the Company), i.e. no later than 2 July 2021 have the right to participate in the Company's General Assembly.

The shareholders participate in the General Assembly in person, or by way of proxy, on the grounds of a valid special written power of attorney issued by the shareholder, i.e. the person authorised to represent a shareholder that is a legal entity, in the name of that shareholder. A valid special power of attorney must contain: Information on the personal or company name of the proxy and client, their address or seat, OIB and shareholder's number of account opened with CDCC as well as a special authorisation to vote in the name of the represented shareholder. The power of attorney form can be found at the Company's website: www.optima.hr. In case that the shareholder or the proxy cannot be identified (by the valid identification card, power of attorney, court register receipt and similar documents), they will not be permitted to participate in the General Assembly.

The shareholders who jointly own shares in the amount of 1/20 of the Company's share capital are entitled, pursuant to Art. 278, Para. 2 of the Companies Act (the Official Gazette 111/93. et al., hereinafter the "CA"), to request the Management Board in writing to have an item added to the General Assembly's agenda and to have the same published. The request for adding an item to the agenda has to be received by the Company at least 30 days prior to the General Assembly, not counting the date of receipt.

Shareholders are entitled to make a counter-proposal to a decision proposal given by the Management Board and/or the Supervisory Board concerning a certain item on the agenda, pursuant to Art. 282, Para. 1 of the CA. The counter-proposal, stating the name and last name of the shareholder, explanation and the Board's position, if available, shall be made available to persons from Art. 281, Para. 1 through 3 of the CA, and shall be made available to the shareholders on the Company's website (www.optima.hr) provided that the shareholder delivers its counter-proposal to the address of the Company's seat at least 14 days prior to the General Assembly. The date of receipt of the said counter-proposal by the Company shall not be included in the mentioned 14 day period. Should the shareholder fail to exercise this right, this will not result in losing the right to make a counter-proposal in the General Assembly. The aforementioned shall apply accordingly to shareholders' proposals concerning the election of the Supervisory Board members and/or concerning the appointment of the Company auditor.

During the General Assembly, the Management Board shall, if requested by the shareholder, give clarifications, if necessary, in order to evaluate the items on the agenda.

If the convoked General Assembly fails to meet the quorum requirements set out in the Company's Articles of Association, the General Assembly shall take place on 10 July 2021 at 12 hours in the same place, with the same agenda. If the new General Assembly does not meet the quorum requirements either, the General Assembly shall take place anyway, regardless of the number of shareholders represented in the assembly.

If, due to the circumstances of the COVID-19 situation, the holding of the General Assembly on 9 July 2021 and 10 July 2021, will not be possible, the General Assembly will be postponed, and the next will be convocated as soon as the conditions permit.

Information from the Art. 280.a of the CA is available on the Company's website, www.optima.hr.

Boris Batelić,
President of the Management Board

Tomislav Tadić,
Member of the Management Board

OT- Optima Telekom d.d.

**Independent limited assurance report on the
Remuneration Report for the year 2020**



Independent limited assurance report on the Remuneration Report for the year 2020

To the Management Board and Supervisory Board of OT – Optima telekom d.d.

Subject matter

Pursuant to the provisions of Article 272r item 3 of the Companies Act and the contract concluded with OT – Optima telekom d.d. (the "Company"), we performed a limited assurance engagement of the accompanying Remuneration report for the year ended 31 December 2020 (the "Remuneration Report") prepared by the Company's Management Board.

Reporting criteria

The applicable reporting criteria for identifying the individuals to be included in the Remuneration Report and the disclosure requirements of their remuneration are contained in the provisions of Article 272r items 1 and 2 of the Companies Act.

Management and Supervisory Board's responsibilities

The Company's Management Board and the Supervisory Board are responsible for:

- preparing the Remuneration Report for the year 2020 in accordance with disclosure requirements of Article 272r items 1 and 2 of the Companies Act,
- identifying the individuals to be included in the Remuneration Report in accordance with Article 272r item 1 of the Companies Act,
- selecting and applying appropriate remuneration policies as well as making judgments and estimates that are reasonable in relation to the information disclosed in the Remuneration Report,
- measurement of remuneration for the year ended 31 December 2020 in accordance with provisions of Article 272r items 1 and 2 of the Companies Act, and
- publishing the Remuneration Report on the Company's website in accordance with provisions of Article 272r item 4.

The Company's Management Board is also responsible for maintaining an internal control system that provides limited assurance that the information described above is free from material misstatement, whether due to fraud or error.

Our responsibilities

Our responsibility is to report on the Remuneration Report in accordance with the requirements of Article 272r item 3 of the Companies Act. We performed a limited assurance engagement in accordance with International Standards on Assurance Engagements 3000 (Revised) - *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*.

Our independence and quality control

We apply International Standard on Quality Control 1 and, accordingly, maintain a comprehensive quality control system, including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Federation of Accountants, based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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Commercial Court in Zagreb, no. Tt-99/7257-2, Reg. No.: 080238978; Company ID No.: 81744835353; Founding capital: HRK 1,810,000.00, paid in full; Management Board: J. M. Gasparac, President; S. Dusic, Member; T. Macasovic, Member; Giro-Account: Raiffeisenbank Austria d.d., Petrinjska 59, Zagreb, IBAN: HR8124840081105514875.



Summary of the work performed

We have performed the following procedures regarding the subject matter:

- we inquired of members of Management, Supervisory Board and other persons within the Company to gain understanding of the remuneration policies and the process applied in preparing the Remuneration Report;
- we received from the Company a list of all members of the Management and Supervisory Boards during 2020 and checked whether their remuneration is disclosed in the Remuneration Report;
- we reconciled the remuneration information presented in the Remuneration Report with the Company's accounting records (general ledger and subledgers) for the year ended 31 December 2020;
- we reviewed, on a sample basis, the relevant documentation (contracts and payments) related to the remuneration information presented in the Remuneration Report; and
- we checked whether the Remuneration Report contains all the information required by provisions of Article 272r items 1 and 2 of the Companies Act.

The nature and extent of our procedures were determined based on our risk assessment and our professional judgment in order to obtain limited assurance.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our limited conclusion.

Limited assurance conclusion

Based on our work performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Remuneration Report for the year ended 31 December 2020 is not prepared in accordance with the requirements specified in Article 272r items 1 and 2 of the Companies Act.

Restriction of distribution and use

This report has been prepared solely for the Management Board in accordance with the agreement between us, to assist the Company in reporting the Remuneration Report, and is intended solely for the purposes specified in Article 272r item 3 of the Companies Act. We permit this report to be disclosed in the Company's web page in accordance with Article 272r item 4 of the Companies Act. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company's Management Board for our work or this report, except where such terms are expressly agreed in writing.

In addition, based on the procedures performed and described above, this is a limited assurance report and it is not, nor is it intended to be, a legal opinion on the Company's compliance with Article 272r items 1 and 2 of the Companies Act.

The Company's Management Board is responsible for placing the Remuneration Report on the Company's web-site and for accuracy of such information. The scope of our performed work does not include reviewing these matters; consequently, we do not assume any responsibility for any amendments that might have been made to the Remuneration Report underlying this Independent limited assurance report or any differences between the report issued by us and the information presented on the Company's web-site.

PricewaterhouseCoopers d.o.o
Zagreb, 28 April 2021

This version of our report is a translation from the original, which was prepared in Croatian language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

OT- Optima Telekom d.d.

**Independent limited assurance report on the
Remuneration Report for the year 2020**

Pursuant to Article 272r of the Companies Act and pursuant to the Code of Corporate Governance of the Zagreb Stock Exchange and HANFA (Croatian Financial Services Supervisory Agency), the Supervisory Board and Management Board of OT- Optima Telekom d.d., Bani 75/A, Zagreb (hereinafter referred to as Optima or the Company) submit to the General Assembly this

REPORT

on remuneration paid to the members of the Supervisory Board and Management Board in the business year 2020

The remuneration and evaluation of the work performed by the Optima Management Board, focusing on the Company's sustainable development and growth, have been conducted in accordance with Policy on remuneration of Management Board members, approved by General Assembly on 28th August 2020. The remuneration of the Optima Supervisory Board Members has been approved by General Assembly Decision on 28th August 2020.

REMUNERATION OF THE SUPERVISORY BOARD

The Supervisory Board consists of nine (9) members – eight (8) members are elected by the General Assembly and one (1) is appointed by the Workers' Council as a representative of the Company's employees. Of the eight (8) members elected by the General Assembly, five (5) members represent the management company Hrvatski Telekom d.d., two (2) members represent the majority owner Zagrebačka banka d.d. and one (1) member represents the individual majority shareholder.

Supervisory Board members serving during 2020 year:

Igor Vavro	Member and Chairman	From 11 July 2017
Ariana Bazala-Mišetić	Member and deputy Chairman	From 18 June 2014
Igor Radojković	Member	From 19 June 2018
Ana Hanžeković Krznarić	Member	From 18 June 2014
Rozana Grgorinić	Member	From 18 June 2014
Jelena Noveljić	Member	From 19 June 2018
Blaženka Klobas	Member	From 19 June 2018
Silvija Tadić	Member	From 19 June 2018
Suzana Čepel	Member, Workers representative	From 7 November 2018

On 19th October 2020, Supervisory Board members Silvija Tadić and Rozana Grgorinić submitted resignations on memberships in the Company Supervisory Board and whose resignations will be effective from election day of new Supervisory Board members. On 25th March 2021, Supervisory Board member Ana Hanžeković Krznarić submitted the resignation on membership in the Company Supervisory Board and whose resignation act from the election day of new Company Supervisory Board member.

According to the Decision on remuneration for the work of the Members of the Supervisory board adopted by of General Assembly on 28th August 2020, the Supervisory Board members elected by the General Assembly Decisions (11 July 2017, 14 June 2018 and appointed member on 7 November 2018) are entitled to a remuneration for their work in the monthly net amount of HRK 2.500,00. All Supervisory Board members, except the Supervisory Board member Workers' representative, have renounced their right to remuneration.

Remunerations to Supervisory Board members in year 2020 (Gross 1 in HRK):

			Payment period*	Amount
Suzana	Čepl	Member, Workers representative	2020.	95.286,00
Total				95.286,00

*Remuneration relates for periods 2018 – 2020 years.

REMUNERATION OF THE MANAGEMENT BOARD

In 2020, the Company composed a Policy on remuneration of Management Board members, which was adopted on the Company's General Assembly (28th August 2020).

According to the Company's Articles of Association and in line with relevant Supervisory Board Decision, the Company's Management Board consists of three (3) to five (5) members. As at 31 December 2020, the Management Board consisted of three (3) members.

Management Board members serving during year 2020:

Boris Batelić	Chairman	From 19 June 2018
Tomislav Tadić	Member	From 1 October 2014
Tomislav Grmek	Member	From 2 April 2019

The remuneration of Management Board members consists of the monthly gross salary, a variable component depending on the Company's results and performance as well as benefits in kind and other remunerations.

The monthly gross salary, performance-related variable component and other monetary remunerations are defined by individual contracts entered into with every Management Board member, as approved by the Supervisory Board.

Total fixed and variable remunerations paid to Management Board members in 2020 (Gross 1 in HRK):

Management Board member	Fixed remuneration	%	Variable remuneration*	%	Benefits in kind	%	Total	%
Boris Batelić	1.011.368	81%	186.480	15%	54.929	4%	1.252.777	100%
Irena Domjanović	0	0%	31.302	100%	0	0%	31.302	100%
Tomislav Grmek	540.935	83%	89.910	14%	22.281	3%	653.126	100%
Tomislav Tadić	600.500	79%	133.200	18%	26.861	4%	760.561	100%
Total	2.152.803	80%	440.892	16%	104.072	4%	2.697.767	100%

* Variable remuneration refers to the payment for year 2019.

Fixed and variable remunerations are paid in proportion to the duration of the appointment.

The Company for the former Management Board member Irena Domjanović, whose Management Board membership ended on 1st April 2019, had payment obligation of variable remuneration for year 2019, and executed the obligation in year 2020 together with variable remuneration payments to other Management Board members.

On 25th March 2021, Supervisory Board approved variable remuneration payment to Management Board members for achievement in year 2020. Payment of mentioned variable remuneration obligations to Management Board members has been made on 13th April 2021.

Total variable remuneration obligation to Management Board members for year 2020 achievements (Gross 1 in HRK):

Management Board member	Variable remuneration
Boris Batelić	226.180
Tomislav Grmek	145.401
Tomislav Tadić	161.557
Total	533.138

The gross monthly remuneration is defined in individual contracts of Management Board members on their rights and obligations and consists of a fixed and variable amount and other remunerations (e.g. benefits in kind).

The variable remuneration refers to short-term incentives that reward the achievement of goals for a period of one year.

Individual contracts with Management Board members may include other benefits, as follows:

- the right to use an official vehicle
- reimbursement of travel and other expenses for business purposes
- reimbursement of costs of various forms of professional and managerial training in line with special decisions
- the right to use official mobile terminal equipment, laptops and required equipment
- insurance in case of death and permanent disability
- the right to a general medical examination once a year.

Targets for 2020 include financial and non-financial targets and consist of:

1. Financial targets
 - Achievement of EBITDA before one-off items according to the Company business plan of weight value 20%
 - Achievement of operating revenues according to the Company business plan of weight value 10%
 - Achievement of operating margin according to the Company business plan of weight value 10%
 - Achievement of operating Free Cash Flow (oFCF) according to the Company business plan of weight value 20%
2. Non-financial targets
 - Achievement of three (3) individual targets for all Management Board members, weight value in span from 10% to 15.

The Supervisory Board defines annual targets based on the adopted business plan. After approving the Annual Financial Statements, the Supervisory Board assesses target achievement and determines their achievement as the basis for calculation of payment.

In order to ensure a competitive and stimulating remuneration structure, the relative values of remuneration types are determined based on benchmark market conditions.

In the event that the term of office of a Management Board member ceases to be valid during business year, the variable amount will be paid pro rata temporis.

In the event of an earlier termination of the term of office of a Supervisory Board member, for the month in which the term of office ended, remuneration is calculated and paid in accordance with the period of service („pro rata temporis“).

The same applies if a Management Board member takes office during the calendar year.

The following tables show the average remuneration paid to all employees in Gross 1 amount, including the fixed and variable salary amount, benefits in kind and other material rights arising from employment, divided by the average number of employees equivalent to the number of full time employees (FTE). The same methodology is applied to calculate the average remuneration paid to Management Board members and Supervisory Board members.

Average remuneration per employee	2020.	2019.	2018.	2017.	2016.
Gross 1 (in HRK)					
Annual remuneration	124.609	134.107	121.034	120.272	123.807

OT-Optima Telekom d.d.	2020.	2019.	2018.	2017.*	2016.
Gross 1 (in HRK)					
Revenue	451.828.717	524.561.759	538.688.977	479.044.726	452.045.417
Net profit	1.575.951	13.428.104	4.922.555	-52.854.777	14.756.066

* H1 Telekom d.d. acquisition

Average remuneration	2020.	2019.	2018.	2017.	2016.
Gross 1 (in HRK)					
Supervisory Board members	254	0	242	344	464
Management Board members	7.181	7.821	9.321	8.057	9.377

Following the performance of the duties of a member of the Management Board during year 2020, no member of the Management Board received payments or a third party payment obligation.

During year 2020, there was no request to Management Board members to return to the Company any received remuneration.

During year 2020, the Company did not give any advances or loans to current or former Management Board members, nor are there any other financial obligations owed to this group of people.

The Company does not grant shares or share options to Management Board members.

In case of a request for early termination of the Contract on the rights and obligations of a member of the Management Board by the Company, together with a simultaneous termination of employment at the Company, the CEO beside a right to severance has a right to reward in the amount of HRK 210,000.00, the CFO in the amount of HRK 150,000.00, and the CTO in the amount of HRK 135,000.00. There is no obligation for remuneration if the contract is terminated for an important reason (Article 244 paragraph 2 of the Companies Act) with immediate effect.

The Contract stipulates a ban on market competition, and in case of contrary conduct, Management Board members are committed to pay a contract penalty totalling all amounts received from the Company and no less than the amount of the total annual gross salary.

During and after their term duration, Management Board members are obliged to keep all business secrets of the Company and their customers confidential regarding all unauthorised persons. This involves information which is confidential and privileged based on its nature and which was entrusted to them or which they learned during their service at the Company. The confidentiality obligation also applies to the other privileged transactions of the Company and individuals related to the Company. In case of acting contrary to the above provisions, Management Board members are obliged to pay the contracted penalty totalling the fixed amount of the total annual gross salary.

Pursuant to Article 247a of the Companies Act, the Remuneration Report shall be submitted to the General Assembly to be held in year 2021.

Zagreb, 28 April 2021

Igor Vavro, Chairman of the Supervisory Board

Boris Batelić, Chairman of the Management Board

Tomislav Tadić, Member of the Management Board
